

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EA-09 ISO-00 EB-08 L-03 H-02 COME-00
OMB-01 CIAE-00 INR-07 NSAE-00 INRE-00 SSO-00
OPIC-06 FRB-01 STR-04 /042 R

DRAFTED BY TREAS:OS:MDFIELD
APPROVED BY EB/TCA/MA:RKBANK
TREAS:OS:CIKINGSON
L/T:POLSON
EA/ROC:WALUNDY
-----125083 290008Z /15
O 282341Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY TAIPEI IMMEDIATE

UNCLAS STATE 177652

E.O. 11652:N/A

TAGS:EFIN, TW

SUBJECT: SEA-LAND TAX PROBLEM

REF: STATE 164491

1. IN MEETINGS WITH TREASURY TAX OFFICIALS REPRESENTATIVES OF SEA-LAND HAVE DETAILED THEIR TAX PROBLEMS WITH TAIWAN AND ASKED SUPPORT IN EXPLAINING THEIR DIFFICULTY IN OBTAINING WITHIN THREE YEARS CERTIFICATION THAT ITS UNITED STATES RETURN HAS BEEN ACCEPTED AS FINAL. ONE MISSING PIECE OF RELEVANT INFORMATION IS WHETHER OTHER FOREIGN CARRIERS ARE ALSO ADVERSELY AFFECTED. WOULD APPRECIATE EMBASSY'S INQUIRING WHETHER OTHER UNITED STATES AND THIRD COUNTRY CARRIERS ARE AS A PRACTICAL MATTER SUBJECT TO THIS REQUIREMENT AND, IF SO, WHETHER AND HOW THEY COMPLY WITH IT. DID TAIWAN DO THIS JUST BECAUSE OF SEA-LAND?

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2. IF THE RULES APPLY IN A MANNER DISCRIMINATORY TO SEA-LAND PLEASE ADVISE ASAP AND WE WILL REVISE TEXT OF LETTER WHICH FOLLOWS. IF IT IS CLEAR THAT THERE IS NO DISCRIMINATION AGAINST SEA-LAND AND THAT OTHER COMPANIES ARE COMPLYING WITH THE SAME RULES, PLEASE TRANSMIT TEXT OF LETTER AS GIVEN BELOW TO MR. WEI-HSIN KING, DIRECTOR

OF THE MINISTRY OF FINANCE. IF OTHER COMPANIES ARE ALSO HAVING DIFFICULTY COMPLYING PLEASE MODIFY TEXT BY ADDING A STATEMENT NOTING THAT WE UNDERSTAND THAT OTHER FOREIGN CARRIERS FACE A SIMILAR PROBLEM.

3. DEAR MR. KING:

I AM WRITING TO REQUEST YOUR ASSISTANCE IN SEEKING RESOLUTION OF A PROBLEM WHICH HAS COME TO MY ATTENTION WITH RESPECT TO THE TAIWAN TAX LIABILITY OF SEA-LAND SERVICE, INC.

THE PROBLEM ARISES BY REASON OF THE DELAYS WHICH ARE ENTAILED IN OUR INTERNAL REVENUE SERVICE AUDIT PROCEDURES WITH RESPECT TO LARGE MULTINATIONAL COMPANIES. THE THREE YEAR PERIOD PROVIDED IN TAIWAN TAX RULING 36147 IS IN MOST CIRCUMSTANCES A FAIR AND REASONABLE PERIOD. UNFORTUNATELY, THE NUMBER AND COMPLEXITY OF ISSUES TO BE CHECKED IN AUDITING THE RETURN OF A U.S. CORPORATION AND ITS VARIOUS SUBSIDIARIES FREQUENTLY REQUIRES A PERIOD OF SEVERAL YEARS TO COMPLETE THE AUDIT. THIS IS DESPITE OUR BEST EFFORTS TO EXPEDITE THE AUDITS, AND IS ENTIRELY BEYOND THE CONTROL OF THE TAXPAYER. THUS, SEA-LAND IS CAUGHT BY A RULING OF YOUR GOVERNMENT WHICH REQUIRES OUR GOVERNMENT TO MEET A TIMETABLE WE ARE UNABLE TO MEET.

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REPRESENTATIVES OF SEA-LAND FELT THAT THEIR AGREEMENT TO LEAVE OPEN THE STATUTE OF LIMITATIONS UNTIL THE FINAL ADJUSTMENTS WERE MADE PROVIDED A REASONABLE SOLUTION TO THIS DILEMMA. I DO NOT KNOW THE SOURCE OF YOUR DIFFICULTY WITH CONTINUING THAT PRACTICE AS AUTHORIZED UNDER TAIWAN TAX RULING 32596. BUT I HOPE SOME APPROACH CAN BE FOUND TO ALLEVIATE THE SEVERE BURDEN WHICH THE PRESUMED INCOME APPROACH REPRESENTS FOR SEA-LAND. I WOULD BE MOST GRATEFUL IF YOU WOULD BE WILLING TO MEET WITH MR. PHILIP ENGLUND OF SEA-LAND, WHO IS NOW IN TAIPEI, TO DISCUSS THIS ISSUE, OR IF YOU COULD ARRANGE FOR HIM TO MEET WITH OTHER OFFICIALS WHO HAVE RESPONSIBILITY IN THIS MATTER.

IF THERE IS ANY INFORMATION I MIGHT PROVIDE TO BE OF ASSISTANCE, OUR EMBASSY WILL BE GLAD TO NOTIFY ME. I HOPE A MUTUALLY ACCEPTABLE SOLUTION CAN BE FOUND.

SINCERELY YOURS,

CHARLES I. KINGSON, INTERNATIONAL TAX COUNSEL. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAXES, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE177652
Document Source: CORE
Document Unique ID: 00
Drafter: OS:MDFIELD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770271-0559
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977077/aaaaagax.tel
Line Count: 116
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 03c8676d-c288-dd11-92da-001cc4696bcc
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Original Classification: UNCLASSIFIED
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Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 1899624
Secure: OPEN
Status: NATIVE
Subject: SEA-LAND TAX PROBLEM
TAGS: EFIN, TW, US, SEA-LAND
To: TAIPEI
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/03c8676d-c288-dd11-92da-001cc4696bcc
Review Markings:
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